



February 22, 2012

Appropriations Committee

Testimony of Richard Orr in support of funding for Legal Services

Senator Harp, Representative Walker, Representative McCrory, Senator Kane, Representative Miner, and members of the Committee,

My name is Richard Orr. I am here to ask for your strong support of vitally needed funding for civil legal services for poor people.

In my day job I am the Executive Officer for President Susan Herbst at the University of Connecticut, but I am appearing today as the Chair of the Board of Connecticut Legal Services. With me are J.L. Pottenger, Jr., who is a law professor at Yale and Chair of New Haven Legal Assistance Association, and Attorney Kristin Hoffman, Vice Chair of the Board of Greater Hartford Legal Assistance; our executive directors are seated behind us. Together our three organizations cover the entire state of Connecticut. I am testifying on behalf of all of us.

The staff in our programs provide essential services to about ten thousand low-income people facing life crises every year. Their work is a central part of the social service network. Legal services lawyers are the people to whom every social service agency, court, police department and legislative office refers the most complicated and urgent situations facing poor people. Legal services lawyers address situations involving domestic violence, foreclosure and homelessness, basic medical care, nursing home issues, children's education, and more. Legal aid benefits individual clients, but more importantly, it benefits our entire society -- the costs to our state would be enormous if these problems were left unanswered.

Legal aid in Connecticut is in crisis.

Legal aid programs are facing a huge budget shortfall that will, by the middle of this year, force us to slash legal services staff and services, unless additional funding is provided by the General Assembly.

As many of you know, the legal aid budget gap results from the IOLTA crisis. That funding crisis has gone on for four years, and has now gotten worse. IOLTA stands for Interest on Lawyer Trust Accounts. The Legislature set up IOLTA to provide most of the funding for legal aid, and it had been working for 20 years. In 2007 IOLTA produced over \$20 million of revenue for legal aid. But as a result of the Great Recession, by 2009 IOLTA had fallen by over \$16 million to \$4 million. We thought that was the floor, that IOLTA couldn't go lower. In 2009 multiple strategies were employed to fill the gap: In 2009 the legislature increased court filing fees to fill part of the gap; the legal aid programs have worked hard on increasing private fundraising. And unfortunately, the legal aid programs have used a combination of layoffs, attrition and unpaid days to fill in some of the rest.

That still was not enough. The remainder of the gap has been made up by legal aid programs draining our cash reserves, using up our own "rainy day" funds.

We thought the reserves would last until interest rates came up and IOLTA increased. That has not happened.

Instead, our cash reserves are running out. IOLTA has not gone up as we expected. On the contrary, it is going down even further. IOLTA now appears to be headed towards just \$1 million a year or even less. Without additional help, the programs will be forced to lay off approximately one-fourth of all staff, with layoffs to begin later this year. These are additional cuts, beyond those we have already made.

Fortunately, a solution has been proposed.

The Judicial Branch has, with the support of the Administration, introduced a bill to address this crisis; the bill has been raised by the Judiciary Committee. The proposal is to raise certain court filing fees to produce \$5.2 million in revenue for legal services, along with \$3.4 million in revenue for the Judicial Branch's technology needs. We respectfully urge you to support this proposal when it reaches this committee.

We are also asking this committee to restore a reduction that came to you in the Governor's budget. We ask you to restore the \$250,000 cut in the legal services line in the Judicial Branch budget.

At the same time we are asking for help, we also have been working very hard on other ways to close our budget gap.

- We have had some success in increasing our private foundation and corporate support even in the face of a down economy.
- We have also pushed hard to build our donor campaign from lawyers and law firms; we now bring in almost \$1 million a year from those donors. (Many of these lawyers and firms also provide free (pro bono) legal help to low-income clients.)
- We are supported by virtually every United Way in the state.

All that work, though, produces added revenue in the hundreds of thousands of dollars, not the millions we need to stabilize our funding base and continue current services.

We have also cut costs by minimizing our non-personnel budgets. We have saved personnel costs using various strategies among the programs ranging from attrition to layoffs, from pay cuts to unpaid furlough days. Staffing cuts unfortunately also mean service cuts, and that is why, in this time of enormous client need, we are trying to preserve our remaining infrastructure.

With the funds proposed in the Judiciary bill and the restoration of the appropriations line, legal services will be stabilized. We are not asking for funds to address the remaining Justice Gap – the tens of thousands of people each year who need civil legal services and can't get help, many of whom appear without a lawyer in court or, without a lawyer, aren't even able to appear.

We are only seeking sufficient funding to preserve the service capacity we have now – the dedicated staff who have been hanging in through impossible times, and have been providing the highest standards of legal help to low income people in terrible need.

So please support the Judicial Branch proposal on court filing fees. And please restore the legal services line in the Judicial Branch budget.

Thank you for your time and attention. All of us would be happy to answer any questions.